



2013 ASSEMBLY BILL 770

1 **AN ACT** *to create* 234.88 of the statutes; **relating to:** emergency heating
2 assistance loan guarantees.

Analysis by the Legislative Reference Bureau

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

3 **SECTION 1.** 234.88 of the statutes is created to read:

4 **234.88 Emergency heating assistance loan guarantees. (1) DEFINITIONS.**

5 In this section:

6 (a) “Emergency heating assistance loan” means a loan to an individual to
7 finance extraordinary costs related to heating during a state of emergency declared
8 by the governor under s. 323.10.

9 (b) “Guaranteed loan” means an emergency heating assistance loan on which
10 the authority guarantees collection under sub. (5).

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1 (c) “Participating lender” means a bank, production credit association, credit
2 union, savings bank, savings and loan association, or other person who makes
3 emergency heating assistance loans and who has entered into an agreement with the
4 authority under s. 234.93 (2) (a).

5 (2) ELIGIBLE LOANS. An emergency heating assistance loan made by a
6 participating lender is eligible for guarantee of collection under sub. (5) from the
7 Wisconsin development reserve fund under s. 234.93 if all of the following apply:

8 (a) The total of the principal amounts of all guaranteed loans extended to the
9 individual under this section will not exceed \$2,500, unless a different maximum
10 amount is approved under sub. (5).

11 (b) The rate of interest on the emergency heating assistance loan, including any
12 origination fees or other charges relating to the emergency heating assistance loan,
13 does not exceed a rate determined by the authority after considering the conditions
14 of the financial market.

15 (c) If the individual obtains the emergency heating assistance loan to pay a
16 supplier, the participating lender pays the supplier directly.

17 (d) The participating lender follows procedures required by the authority to
18 secure repayment of the emergency heating assistance loan.

19 (e) The initial term of the emergency heating assistance loan is not longer than
20 2 years.

21 (f) In the judgment of the participating lender, the emergency heating
22 assistance loan is necessary for the individual to pay heating costs related to the
23 declared state of emergency.

24 (g) The proceeds of the emergency heating assistance loan may not be used to
25 refinance a loan made under this section.

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1 **(3) ELIGIBLE INDIVIDUALS.** An individual is eligible for a guaranteed loan if all
2 of the following apply:

3 (a) The individual's household annual income does not exceed 200 percent of
4 the median family income for the county in which the individual resides.

5 (b) In the judgment of the participating lender, all of the following are true:

6 1. It is reasonably likely that the individual will be able to repay the emergency
7 heating assistance loan in full with interest.

8 2. The individual is not eligible for conventional financing on reasonably
9 equivalent terms and conditions.

10 3. Under normal market conditions affecting the cost of heating, the
11 individual's income and assets would be sufficient for the individual to pay his or her
12 heating costs.

13 (c) The individual's name does not appear on the statewide support lien docket
14 under s. 49.854 (2) (b). The condition under this paragraph is met for an individual
15 whose name does appear if the individual provides to the authority a payment
16 agreement that has been approved by the county child support agency under s. 59.53
17 (5) and that is consistent with rules promulgated under s. 49.858 (2) (a).

18 **(4) EXTENSION.** A participating lender may extend the term of an emergency
19 heating assistance loan until no later than 3 years after the lender made the loan.

20 **(5) GUARANTEE OF COLLECTION.** (a) Subject to par. (c), if the governor issues an
21 executive order under s. 323.10 declaring a state of emergency related to heating
22 costs or the availability of heating fuels and the joint committee on finance approves
23 the authority's plan under par. (b), the authority shall guarantee collection of not less
24 than 50 percent or more than 80 percent of the principal of any emergency heating

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1 assistance loan eligible for guarantee under sub. (2) made to an individual eligible
2 for a guaranteed loan under sub. (3).

3 (b) If the governor declares a state of emergency related to heating costs or the
4 availability of heating fuels, no later than 14 days after the governor's declaration
5 the authority shall submit the authority's plan for guaranteeing collection of
6 emergency heating loans under this section related to the declared state of
7 emergency to the joint committee on finance for approval. The authority may include
8 in its plan a request to modify the maximum total principal amount under sub. (2)

9 (a).

10 (c) The authority may guarantee emergency heating assistance loans under
11 par. (a) only for 120 days following the joint committee on finance's approval of the
12 plan submitted under par. (b) unless the authority requests the joint committee on
13 finance to permit the authority to guarantee emergency heating assistance loans for
14 an additional 120 days.

15 (6) INTEREST REDUCTION. The authority shall pay, from the moneys in the
16 Wisconsin development reserve fund under s. 234.93, to each participating lender an
17 amount equal to 3.5 percent of the principal amount of any guaranteed loan to reduce
18 interest payments on the guaranteed loan paid by an individual.

19 **SECTION 2. Nonstatutory provisions.**

20 (1) TRANSFER TO WISCONSIN DEVELOPMENT RESERVE FUND.

21 (a) The Wisconsin Housing and Economic Development Authority shall
22 immediately transfer \$2,000,000 from the housing rehabilitation loan program
23 administration fund established under section 234.51 of the statutes to the
24 Wisconsin development reserve fund under section 234.93 of the statutes.

